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COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of State Uniform Payroll

June 03, 2009

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2009-48

TO: All ISIS HR Paid Agencies

FROM: Andrea P. Hubbard
Director

SUBJECT: Deferred Compensation and Tax Shelter Annuity Limits for Calendar Year 2009

For calendar year 2009, the limitations on deferrals under §457(e)(15) of the Internal Revenue Code (ISIS HR plans 457A, 457B, 457C, 457D, 457R, and 457S) and §403(b) of the IRS code (IT014 403(b) deductions) have changed. The plan limits have changed to \$16,500 per year or 100% of includible compensation (gross wages paid minus deferred retirement contributions), whichever is less. The limits have increased to \$22,000 for employees age 50 or over. The catch-up limit for the §457(e)(15) has changed to \$33,000 per year for those contributors who are within three years of retirement, but not in the year of retirement. Other limits under §403(b) may apply based on certain allowable elections made by the employee. Refer to the employee application or contact the vendor to determine if an employee is exercising an allowable election.

Employees enrolled in LA Deferred Compensation in lieu of Social Security/Retirement (ISIS HR Plan Code 457R) contribute 7.5% on compensation equal to the Social Security wage base limit. For 2009, this wage limit is \$106,800. ISIS HR will automatically stop deductions when this limit is reached. Refer to [OSUP Memorandum 2009-01](#) for additional information on the 457R wage base limit.

Note: Employees who are enrolled in both the 457R and 457S plans may contribute a total of \$16,500 combined. Employees who work in agencies where both the 457 and 403(b) plans are available may fully contribute up to the annual contribution limits in both plans. Employees may contact the LA Deferred Compensation Plan staff at (225) 926-8082 extension 0 or their respective 403(b) provider for more information.

Agencies are responsible for monitoring employee contribution amounts throughout the year to avoid employees exceeding the annual limits. Particular attention should be given when monitoring the limits for calendar year 2009 since there is an additional pay day this year. (The pay period beginning 12/14/09 and ending 12/27/09 would have been paid on 01/01/10. Since 01/01/10 is a federal banking holiday, this payday was moved to 12/31/09 resulting in calendar

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year 2009 having 27 pay periods.) Employees should be advised to review their biweekly deduction amount and work with Deferred Compensation to have the deduction stopped after period 26/2009 payroll processing or adjust the biweekly deduction amount accordingly if there is a possibility of exceeding the annual limit. To make changes to 457(b) deferrals, the participant can make changes online or access the Salary Deferral Agreement form on the Forms tab of the [LA Deferred Compensation](http://www.louisianadcp.com) website (www.louisianadcp.com). If no action is taken, the employee may exceed the calendar year limit in pay period 27/2009.

The following two reports are available in ISIS HR to aid in the monitoring of balances:

ZP68 Dependent Care/Health Care/Deferred Comp Balances Monitor Report
ZP119 403(b) Contributions Balance Report

Agencies should contact LA Deferred Compensation Plan staff on questions regarding §457 deductions. Agencies should contact the individual vendor on questions regarding 403(b) deductions. Agencies can also visit the [IRS](http://www.irs.gov) website (<http://www.irs.gov>) for more information about deferrals and tax shelters. Direct all other questions to a member of the OSUP Compliance and Research Unit at _DOA-OSUP-COMP@la.gov or (225):

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